

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 472 - HB 1103

March 10, 2015

SUMMARY OF BILL: Requires the Fiscal Review Committee (FRC) to review any contract that resulted in a reduction in force (RIF) or layoff of any state employee. Requires the FRC to consider the three-year cost of the contract, comparable benefits, and the quality of the contractor's performance. Requires the FRC to consider whether existing state employees, or new state employees who could be hired into existing vacant positions, can perform the task to be performed by the contractor as efficiently on a long-term basis.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$5,000/One-Time
\$145,500/Recurring**

Assumptions:

- According to information found in the Department of General Services (DGS), 2011-12 Annual Report, there were 593 statewide contracts; 1,198 agency term contracts; and 3,349 professional services contracts. According to DGS, Central Procurement Office (CPO), there were 677 statewide contracts; 1,206 agency term contracts; and 9,032 professional services contracts in 2014. It is unknown how many of those contracts resulted in a RIF or a layoff of state employees.
- FRC staff will revise the Supplemental Documentation Form currently utilized by all departments and agencies when providing information to the Committee regarding non-competitive contracts and amendments.
- The state departments and agencies will not require any additional resources to provide the necessary information to FRC staff.
- FRC staff will need to conduct substantial research relative to any contract that results in a RIF or a layoff of state employees to determine the three-year cost of such contract, comparable benefits, as well as the quality of the contractor's performance. The Committee will require one new Fiscal Analyst 2 position at a recurring cost of \$70,482 which includes salary (\$52,296) and benefits (\$18,186) plus one-time costs of \$5,000 for computer, equipment, and related items to conduct the research required by the proposed legislation.
- Pursuant to § 4-56-107(b)(5)(A), the FRC has 40 business days from receipt of a contract or amendment to review and comment. It is assumed the same 40-day requirement would apply to a review of a contract that resulted in a RIF or layoff of any state employee.

- In order to meet the statutorily required 40-day review period, the FRC will also need to hire an outside consultant to assist staff identifying risk areas and recommending contract performance and management best practices in order to determine if existing or new state employees could perform tasks being performed by a vendor in a contract that resulted in a RIF or layoff of any state employee. The average recurring cost for an outside consulting contract is estimated to be \$75,000.
- Total recurring costs will be \$145,500 (\$70,500 + \$75,000).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

/lsc